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RUEHMN/AMEMBASSY MONTEVIDEO 4466
RUEHQT/AMEMBASSY QUITO 4941
RUEHSJ/AMEMBASSY SAN JOSE 1615
RUEHSG/AMEMBASSY SANTIAGO 9529
RUEHUB/USINT HAVANA 0197
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RUCPDO/DEPT OF COMMERCE WASHINGTON DC
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BRASILIA FOR JSTORY
SAN JOSE FOR BLINK
USAID/LAC FOR JBISSON
USAID/EGAT FOR DMULLER AND CELRON
USAID/BOGOTA FOR BBAYLE
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SUBJECT: BOLIVIA FEARS IMPACT OF PROPOSED MADEIRA RIVER DAMS

SUMMARY

¶1. (U) Brazil's plans to build a giant two-dam complex on the Madeira River worry GOB officials and Bolivian environmental groups, which fear negative impacts on communities and ecosystems dependent on the river. According to representatives of a La Paz-based green group, the dams could disrupt fishing and increase the frequency and severity of floods. GOB officials have raised the matter with their Brazilian counterparts, but progress remains slow. End summary.

BACKGROUND

¶2. (U) Brazil's \$9 billion proposal features a two-dam complex on the Madeira River, which forms a sixty-mile stretch of the two countries' border upstream of the proposed construction site and drains an area almost equal in size to France and Spain combined. According to press reports, Brazilian officials view the dams' hydropower potential as a partial answer to rapidly increasing domestic energy needs; they note that the dams' combined generating capacity of 6,450 megawatts would exceed that of all but one of Brazil's existing dams. The Brazilian government reportedly hopes to award concessions for the complex early this year, to pave the way for construction to begin in mid-2007.

FAR-REACHING IMPACTS, LIMITED COOPERATION

¶3. (U) Brazilian officials assert that the dams will have little environmental impact, but the proposal worries GOB officials and Bolivian environmental groups, which fear negative impacts on communities and ecosystems dependent on the river. According to representatives of the Bolivian Forum on the Environment, a La Paz-based green group, the dams could disrupt fishing and increase the frequency and severity of floods. They point to several independent studies that predict harm to upstream-spawning fish and highlight potential changes in river sediment levels. One of the Forum's specialists, Patricia Molina, told Econoff March 7 that Bolivian communities above the dams could lose incomes derived from fishing; she also noted that sediment build-up could alter river flow and lead to heavy, continuous flooding, which could ruin agricultural areas and bring with it outbreaks of malaria and dengue fever.

¶4. (U) GOB officials have raised the matter with their Brazilian counterparts, but progress remains slow. In December 2006, Bolivia reportedly asked Brazil to honor a 2002 bilateral agreement governing the use of rivers along the two countries' border; officials eventually agreed to establish a bilateral commission to gauge the dams' potential impact, but the commission has yet to meet, and press reports suggest that Brazilian officials have largely ignored Bolivian concerns.

COMMENT

¶5. (U) Despite seemingly valid worries about the dams' environmental impact, Forum representatives appear convinced the Brazilian government will push ahead with its proposal. They expect little from bilateral negotiations, largely because they believe Bolivia is in a weak position vis-a-vis Brazil's desire to act quickly to meet growing domestic energy needs. They also note that this is an unusual situation, with few international precedents to provide guidance. While groups like the Forum will continue to call attention to the issue, they may have little impact -- unless they form alliances with Brazilian institutions and outside organizations and create a united opposition. End comment.
GOLDBERG